

July 24, 2022

The Honorable Martin Glenn  
United States Bankruptcy Court, Southern District of New York  
One Bowling Green  
New York, NY 10004-1408

Re: Celsius Network LLC, et al. ("Celsius"), Case Number 22-10964  
Immediate Withdrawal of Custody Account digital Assets

Dear Chief Judge Glenn,

I am very appreciative of your position and remarks on the First Day Hearing welcoming the input from both large and small creditors. I think this act of inclusion helps to create a platform of fairness and balance for those smaller creditors whose voices might otherwise not be heard in case with such high levels of complexities as this one.

### **General Request**

I am one of those smaller creditors with a "CUSTODY" account and I am requesting that this letter be added to the court docket. My request is simple, that Celsius customers with digital assets in "CUSTODY" accounts be allowed to withdraw their funds immediately. Due to market volatility, I further request that these withdrawals not be in USD since this would be detrimental to these creditor's investment. A more equitable solution would be a withdrawal in "Like Kind" of the digital asset held (ie. 1 ADA for 1 ADA). Let me offer the following as to my reasons why.

### **Custody Account Title**

Celsius on April 14, 2022 posted a revision to their "Terms of Use." On April 15, 2022, known as the "Modification Date," these new Terms of Use were enacted. Celsius was clear regarding transfers to Celsius accounts and the Title of digital assets in CUSTODY accounts. The statement regarding transfers is as follows:

*"If you reside in the United States and have access to Celsius CUSTODY SERVICE via your Celsius account, any eligible digital asset transferred to your account on or after the modification date will be initially transferred to a CUSTODY WALLET as part of the CUSTODY SERVICE"*

The statement regarding Title is found under Section 4-Services, subsection B-Custody and is as follows (See Fig.1):

*"Title to any of your Eligible Digital Assets in a Custody Wallet shall at all times remain with you and not transfer to Celsius. Celsius will not transfer, sell, loan or otherwise*

*rehypothecate Eligible Digital Assets held in a Custody Wallet unless specifically instructed by you, except as required by valid court order, competent regulatory agency, government agency or applicable law.”*

These points were further emphasized on July 18<sup>th</sup>, 2022 in the First Day Presentation and by documents by the following:

1. Page 9 of 20 states – “Title remains with customer and Celsius cannot use coins without instructions from the customer.” (See Fig. ??)

Based on these statements by Celsius, Title of Custody digital assets is the customers NOT Celsius. By preventing withdrawal of Custody accounts assets, Celsius is in clear violation with its own terms. I believe that to honor the verbiage in the Celsius terms of service and submitted court documents, assets in Custody accounts should be allowed to be withdrawn by those who have Title immediately.

### **Available Funds for Custody Withdrawals**

In the First Day Presentation Celsius provided an “Asset Snapshot” which illustrated how Celsius went from \$22.1Bn to \$4.3Bn in assets in four months. It also illustrated Celsius’ Liabilities at \$5.5Bn which accounts for the approximate \$1.2Bn shortfall and hence the Chapter 11 filing. While this information has merit, I would like to focus the courts attention on the \$1.75Bn in Crypto Assets. I believe it is from this category that the digital assets in Custody accounts reside.

On page 13 of the First Day Presentation (See Fig. 3), the pie chart shows that the Custody Program is ONLY 4% of the deposits. Since total assets have been valued at \$4.3Bn, 4% would be approximately \$172 Million. This is approximately 10% of the \$1.75Bn in Crypto Assets.

While this is a simplistic analysis, my point is in this fight there are digital assets available to allow those with Custody Accounts withdraw their assets. My concern is once this issue goes to a committee for resolution, the 4% of deposits in the Custody Program will be overshadowed by the 77% of deposits in the Earned Program.

I fear that if this decision is left to the committee then they will represent the 96% of assets in EARN who will just vote against the 4% of assets in CUSTODY to serve their own interests regardless of Celsius Terms of Use and Service.

### **Personal Request**


I mentioned before I am a small creditor with a CUSTODY account. I watched many of the AMA provided by Celsius regarding Earned accounts and followed the company’s progress looking for a good time to try their services and be a part of the community. Like many others, I believed the marketing pitch that Celsius was “a safe alternative to traditional banks.” Once the Terms of Use were revised and posted on April 14, 2022, I

was attracted to the CUSTODY account structure for the reasons listed above. On April 18<sup>th</sup>, 2022 I made a deposit of 103,000 ADA at a value of over \$92,949.15.(See Fig. 4) I have made NO other transaction since. With the market volatility the USD value of my digital assets has dropped to \$53,421.78 (See Fig. 5).

Since I am a long-term investor, or HODL, I realize these fluctuations will happen. What is concern to me is getting my ADA back. My personal request is straight forward, Since I am the owner and have Title, I want to withdraw "MY" ADA from my CUSTODY account immediately.

I want to thank you and the courts time to review my letter. Like many others I heard Mr. Mashinsky publicly assuring customers that Celsius does not trade our funds and that they were safe. We could withdraw at any time. I appreciate you giving the small creditor a voice in a situation where we could easily be over looked.

Regards and Blessings,

A handwritten signature in black ink, appearing to read "Chris Brown", with a stylized, cursive script.

Christopher Brown

Small Creditor

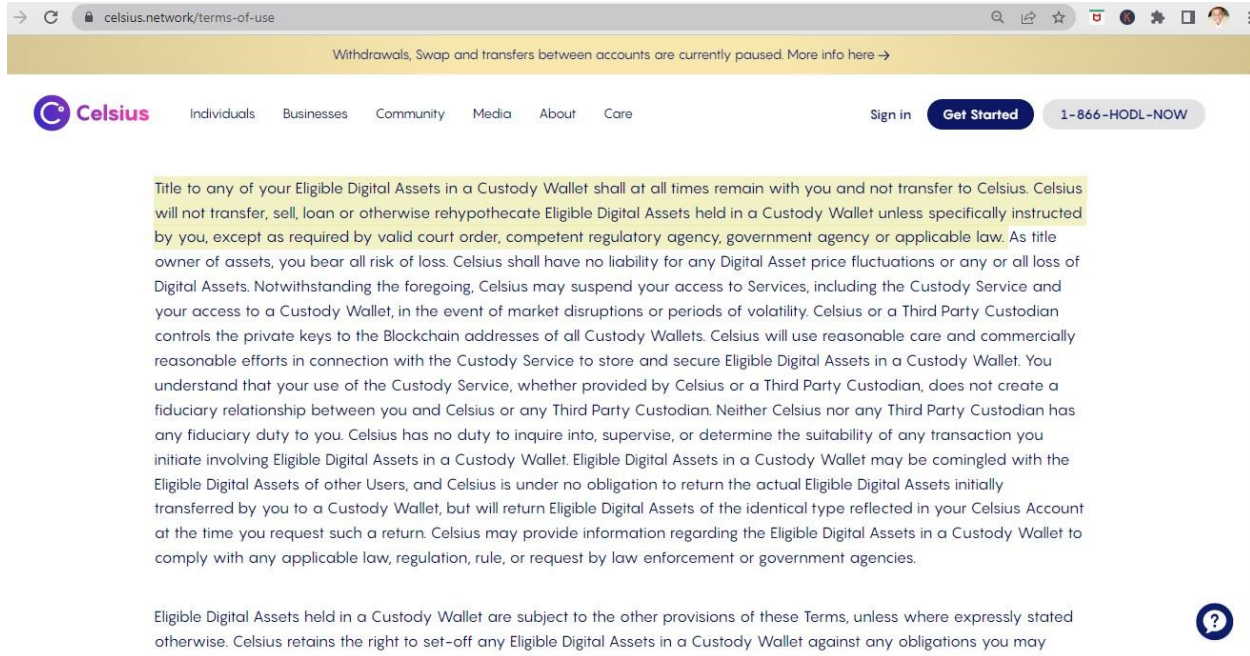


Figure 1

## Key Business Segments – Retail

**Earn Program: Retail customers transferred coins to Celsius and earned rewards**

- Under the Terms of Use (“TOUs”), title to coins is transferred to Celsius, and Celsius is entitled to use, sell, pledge, and rehypothecate those coins.
- Since April 15, 2022, the Earn product has been limited to U.S. accredited investors and foreign customers.

**Borrow Program: Celsius lent USD or coins to borrowers who post coins as collateral**

- Borrowers were able to choose from different loan products based upon LTV ratios of posted collateral, with applicable interest rates being higher for higher LTV loans.
- Title to coins is transferred to Celsius and Celsius is entitled to use, sell, pledge, and rehypothecate those coins.

**Custody Program: Custodial services for customer, incl. U.S. non-accredited investors**

- Began in April 2022
- Title remains with customer and Celsius cannot use coins without instructions from the customer.

Figure 2

## Deposits by Program



### Deposit Breakdown (July 13, 2022)

■ Earn Program ■ Custody Program ■ Lending Collateral ■ CEL Balance

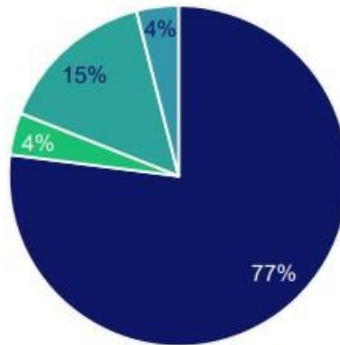


Figure 3

app.celsius.network/transactions

Withdrawals, Swap and transfers between accounts are currently paused, while we take steps to preserve and protect assets. More information [here](#)

Portfolio Send Receive Borrow BETA Swap Promotions Community

CHRISTOPHER PAUL BROWN

### Transactions

Search Filter Show 30

Type ^	Status ^	Date & Time ^	Coins Amount ^	Amount ^
Promo Code Reward	Received	Jul 17, 2022   09:24 AM	0.023641 BTC	+\$500
Receive	Completed	Apr 18, 2022   08:24 AM	103,000 ADA	+\$92,949.15

Page 1 of 1 Export as CSV

Figure 4

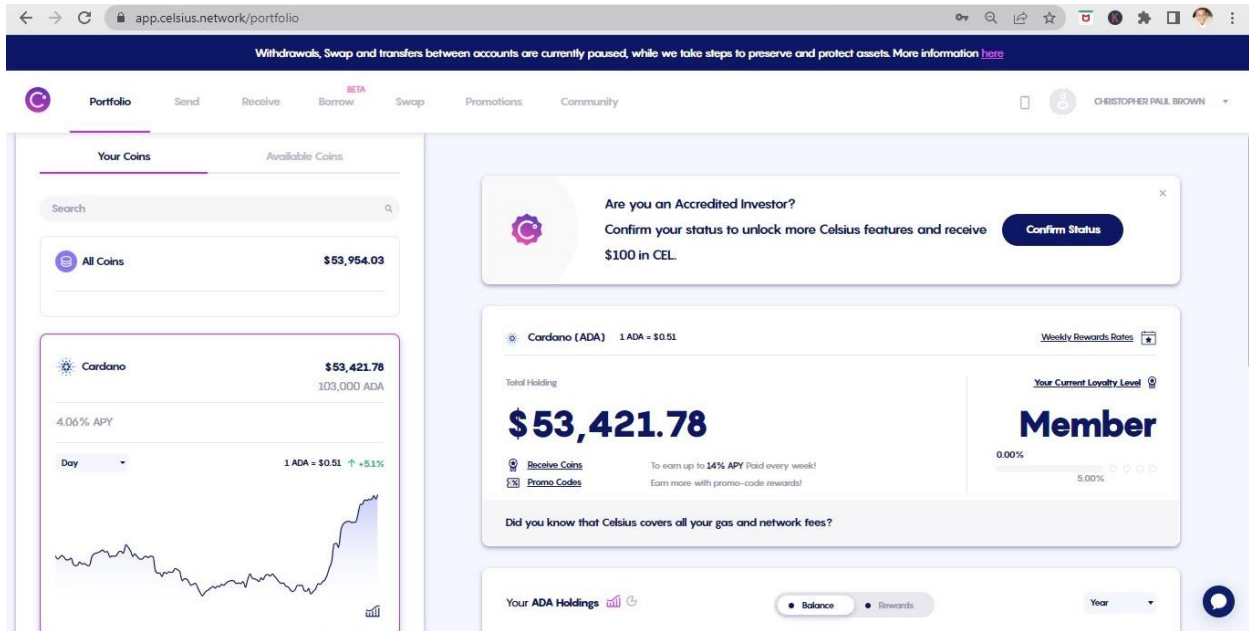


Figure 5